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Counsel to the Debtors and  
 Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
 FOR THE EASTERN DISTRICT OF VIRGINIA  
 RICHMOND DIVISION

- - - - - x  
 In re: : Chapter 11  
 :  
 CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :  
 :  
 Debtors. : Jointly Administered  
 - - - - - x

**DEBTORS' MOTION FOR ORDER SHORTENING NOTICE PERIOD  
 AND LIMITING NOTICE ON DEBTORS' MOTION FOR ORDER  
 UNDER BANKRUPTCY CODE SECTIONS 105, 363(b) AND 503(c)(3)  
 APPROVING A WIND DOWN INCENTIVE AND RETENTION  
 PLAN AND AUTHORIZING PAYMENT OF WIND DOWN INCENTIVE  
 AND RETENTION PAY TO PLAN PARTICIPANTS**

The debtors and debtors in possession in the  
 above-captioned jointly administered cases (collectively,

the "Debtors")<sup>1</sup> hereby move this Court (the "Motion to Shorten Notice") for an order under section 102 of the title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 9006 and 9007 of the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules") approving shortened notice for Debtors' Motion for Order under Bankruptcy Code Sections 105, 363(b) and 503(c)(3) Approving a Wind Down Incentive and Retention Plan and Authorizing Payment of Wind Down Incentive and Retention Pay to Plan Participants (the "Incentive and Retention Plan Motion"). In support of the Motion to Shorten Notice, the Debtors respectfully represent as follows:

#### **JURISDICTION AND VENUE**

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases

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<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, INC. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address is 9950 Mayland Drive, Richmond, Virginia 23233.

and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code section 102 and Bankruptcy Rules 2002, 9006 and 9007.

#### **BACKGROUND**

3. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

4. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

5. On November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee"). To date, no trustee or examiner has been appointed in these chapter 11 cases.

6. On January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business

sales pursuant to the Agency Agreement at the Debtors remaining stores.

**RELIEF REQUESTED**

7. By this Motion to Shorten Notice, the Debtors request entry of an order shortening the notice period of the Incentive and Retention Plan Motion by one (1) day so that it can be heard, considered and ruled upon by the Court at the omnibus hearing on February 25, 2009.

**BASIS FOR RELIEF**

8. Concurrently herewith, the Debtors filed the Incentive and Retention Plan Motion, asking the Court to (i) approve the Wind Down Incentive and Retention Plan,<sup>2</sup> (ii) authorizing the Debtors to implement the Wind Down Incentive and Retention Plan for the Plan Participants, and (iii) allowing all payments thereunder as administrative expenses of these estates.

9. As this Court is aware, on January 16, 2009, the Debtors commenced liquidating their assets by obtaining approval to sell their inventory through going out of business sales at their remaining stores. Against this backdrop, the Debtors, with the assistance of their advisers,

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<sup>2</sup> Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in the Incentive Motion.

formulated and have begun implementing a thorough wind down plan. The plan contemplates, among other things, liquidating the Debtors remaining assets, winding up their remaining businesses, minimizing administrative expenses, investigating causes of action for the benefit of their estates, and reconciling claims.

10. Because the Debtors will no longer operate as a going concern, however, the Debtors have experienced a noticeable increase in employee turnover. This turnover threatens the Debtors ability to implement the wind down plan and maximize value for their estates and stakeholders. Thus, to successfully complete the wind down of the Debtors' remaining operations effectively and efficiently, the Debtors determined that formulating an incentive and retention plan was in the best interest of their estates and creditors. Such a plan would help ensure that employees (the "Plan Participants") who are essential to the wind down process and critical to managing the effective and timely wind down of the Debtors' estates are retained and appropriately motivated to maximize value.

11. In that regard, the Plan Participants have been and will continue to be called upon to expend significantly more hours during the wind down process than

contemplated by the normal terms of their employment. The efforts of these employees have been, and continue to be, critical to the Debtors' efforts to facilitate a liquidation and wind down process that will allow the Debtors and their estates to realize the highest value possible.

12. Moreover, the Debtors propose to provide notice of the Incentive and Retention Plan Motion to those parties who have requested notice pursuant to Bankruptcy Rule 2002 and the Core Group (as defined in the Order Pursuant to Bankruptcy Code Sections 102 and 105, Bankruptcy Rules 2002 and 9007, and Local Bankruptcy Rules 2002-1 and 9013-1 Establishing Certain Notice, Case Management, and Administrative Procedures (Docket No. 130; the "Case Management Order")) The Debtors submit that, under the circumstances, no other or further notice need be given and in light of the circumstances, such notice is reasonably calculated to provide timely and adequate notice to the Debtors' major creditor constituencies and those parties most interested in these cases.

13. Accordingly, the Debtors believe it is in the best interests of the Debtors' estates, creditors and other parties in interest for the Incentive and Retention Plan

Motion to be heard at the hearing currently scheduled for February 25, 2009 at 2:00 p.m.

**WAIVER OF MEMORANDUM OF LAW**

14. Pursuant to Local Bankruptcy Rule 9013-1(G), and because there are no novel issues of law presented in the Motion to Shorten Notice and all applicable authority is set forth in the Motion to Shorten Notice, the Debtors request that the requirement that all motions be accompanied by a separate memorandum of law be waived.

**NO PRIOR REQUEST**

15. No previous request for the relief sought herein has been made to this Court or any other court.

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court (i) enter an Order, substantially in the form annexed hereto, granting the relief requested herein, and (ii) such other and further relief as may be just and proper.

Dated: February 6, 2009  
Richmond, Virginia

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Counsel for Debtors and Debtors  
in Possession



**[Proposed Order]**

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**ORDER GRANTING DEBTORS' MOTION FOR ORDER SHORTENING NOTICE  
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 ORDER UNDER BANKRUPTCY CODE SECTIONS 105, 363(b)  
 AND 503(c)(3) APPROVING A WIND DOWN INCENTIVE AND RETENTION  
 PLAN AND AUTHORIZING PAYMENT OF WIND DOWN INCENTIVE  
 AND RETENTION PAY TO PLAN PARTICIPANTS**

Upon consideration of the Debtors' Motion for Order  
 Shortening Notice Period (the "Motion") of Debtor's Motion  
 for Order under Bankruptcy Code Sections 105, 363(b) and

503(c)(3) Approving a Wind Down Incentive and Retention Plan and Authorizing Payment of Wind Down Incentive and Retention Pay to Plan Participants (the "Incentive and Retention Plan Motion"); and the Court having reviewed the Motion; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

**ORDERED, ADJUDGED, AND DECREED that:**

1. The Motion is GRANTED.
2. Notice of the Incentive and Retention Plan Motion is shortened so that it may be heard, considered and ruled upon by the Court at the hearing currently scheduled for February 25, 2009.
3. Notice of the Incentive and Retention Plan Motion is limited to the parties as set forth in the Motion.

4. This Court will retain jurisdiction with respect to any dispute concerning the relief granted hereunder.

Dated: Richmond, Virginia  
February\_\_, 2009

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UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

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**CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)**

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby  
certify that the foregoing proposed order has been endorsed  
by or served upon all necessary parties.

/s/ Douglas M. Foley

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